OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING DATE: 12/18/12 **CONTROL NO:** **ITEM NO:**

SUBJECT: RECEIVE AND REVIEW THE DUE DILIGENCE REVIEW FOR NON-HOUSING FUND AND ACCOUNT BALANCES OF THE FORMER ARTESIA REDEVELOPMENT AGENCY IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34179.5 AND CONVENE THE PUBLIC COMMENT SESSION

FROM: SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY

PRESENTATION BY: JUSTINE MENZEL, DEPUTY EXECUTIVE DIRECTOR

Recommendation

That the Oversight Board:

1) Receive and review the due diligence review for non-housing fund and account balances of the former Artesia Redevelopment Agency pursuant to Health and Safety Code Section 34179.5; and

2) Convene the Public Comment Session.

3) Set a meeting date of January 8, 2013 at 10:00 a.m.

Discussion

Pursuant to Health and Safety Code Section 34179.5, each successor agency must employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct two due diligence reviews, one for the Low and Moderate Income Housing Fund (the “LMIHF DDR”) and one for the other funds and accounts of the former redevelopment agency (the “Other Funds DDR”), to determine the unobligated balances available for transfer to taxing entities.

Pursuant to Section 34179.6, the Other Funds DDR must be completed and transmitted to the oversight board by December 15, 2012.

The Other Funds DDR is a review of the cash and cash equivalents, as of June 30, 2012, in the successor agency's funds and accounts, other than the Low and Moderate Income Housing Fund, to determine the amount available for disbursement to taxing entities. In summary, such amount is determined to be the total value of assets and cash and cash equivalents in all funds and accounts of the former redevelopment agency, excluding the Low and Moderate Income Housing Fund, minus the following ("Restricted Assets"): (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. Also, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the former redevelopment agency or the successor agency to the city, another public agency or private person if an enforceable obligation to make that transfer did not exist. The Other Funds DDR documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

Health and Safety Code Section 34179.6 requires each successor agency by December 15, 2012, to submit the Other Funds DDR to the oversight board for the oversight board's review and approval.

After receipt of the Other Funds DDR, the oversight board must convene a public comment session to take place at least five business days before the oversight board holds the approval vote. The oversight board also must consider any opinions offered by the county auditor-controller on the review results submitted by the successor agency.

By January 15, 2013, the oversight board must review, approve, and transmit the Other Funds DDR to the State Department of Finance ("DOF") and the county auditor-controller. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval must occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the Other Funds DDR.

Section 34179.6 empowers the oversight board to authorize a successor agency to retain the Restricted Assets.

The DOF must complete its review of the Other Funds DDR no later than April 1, 2013, and must notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain Restricted Assets. The DOF must provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board. The successor agency then has the option to meet and confer with DOF to discuss any modifications.

By April 20, 2013, the county auditor-controller must provide DOF a report specifying the amount submitted by each successor agency, and specifically noting any successor agency that failed to remit the full required amount.

Upon full payment of the amounts determined pursuant to the LMIHF DDR and the Other Funds DDR, payment of the “surplus” tax revenues due on July 12, 2012, if any, and payment of any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the successor agency, within five business days, a finding of completion of the requirements of Section 34179.6.

White Nelson Diehl Evans LLP, were retained by the Successor Agency to conduct the Other Funds DDR.

NEXT STEPS AND MEETING OF OVERSIGHT BOARD

As noted earlier in this report, once the Oversight Board holds this meeting and receives any public comments on the report, the Oversight Board must meet again prior to the deadline of January 15, 2013 to adopt the Other Funds Due Diligence Review Report. Right now, there is no date set but Successor Agency staff would like to suggest January 8, 2013.

ATTACHMENT

Resolution No. OB 12-13
White Nelson Diehl Evans AUP for Other Funds (2nd DDR)

RESOLUTION NO. 12-13

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY ACKNOWLEDGING THE RECEIPT OF THE REVIEW FOR FUND AND ACCOUNT BALANCES OF THE FORMER ARTESIA REDEVELOPMENT AGENCY CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

RECITALS:

A. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Artesia Redevelopment Agency transferred to the control of the Successor Agency to the Artesia Redevelopment Agency (the "Successor Agency") by operation of law.

B. Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

C. Pursuant to Health and Safety Code Section 34179.6, on December 18, 2012, the Oversight Board of the Successor Agency (the "Oversight Board") approved the results of the due diligence review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities.

D. Health and Safety Code Section 34179.6 also requires the Successor Agency to submit to the Oversight Board for the Oversight Board's review and approval the results of the due diligence review conducted pursuant to Section 34179.5 for all of the other fund and account balances of the former Artesia Redevelopment Agency, excluding the LMIHF, and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Other Funds DDR").

E. Pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the county administrative officer, the county auditor-controller, the State Controller and the Department of Finance ("DOF") the Other Funds DDR and a copy of the Recognized Obligation Payment Schedule ("ROPS").

F. Pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the Other Funds DDR, and at least five business days before the Oversight Board considers the approval of the Other Funds DDR, the Oversight Board must hold a public comment session (the "Public Comment Session") at which time the public has an opportunity to hear and be heard on the results of the Other Funds DDR and at which time the Oversight Board shall consider the opinions, if any, offered by the county auditor-controller on the results of the Other Funds DDR.

G. On the date of this Resolution, the Oversight Board has held the Public Comment Session pursuant to Health and Safety Code Section 34179.6(b).

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby acknowledges receipt of the Other Funds DDR.

Section 3. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this 18th day of December, 2012.

William A. Holt, Chairman

ATTEST:

Gloria Considine, Board Secretary

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY

Independent Accountants' Report on Applying Agreed-Upon Procedures
On the Artesia Redevelopment Agency's
And
The Successor Agency to the Artesia Redevelopment Agency's
All Other Funds

Pursuant to California Health and Safety Code Section 34179.5

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

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WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

Independent Accountants' Report on Applying
Agreed-Upon Procedures Related to All Other Funds

Oversight Board of the Successor Agency
to the Artesia Redevelopment Agency
Artesia, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Los Angeles County Auditor-Controller, and the Successor Agency to the Artesia Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to all other funds except for the Low and Moderate Income Housing Fund (All Other Funds) of the former Artesia Redevelopment Agency and the Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Oversight Board and management of the Successor Agency to the Artesia Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Los Angeles County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California
December 13, 2012

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Offices located in Orange and San Diego Counties

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from All Other Funds of the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Finding:

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exceptions. The former redevelopment agency transferred $7,357,976 in assets from All Other Funds to the Successor Agency as detailed in Schedule 1.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to the city that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers from All Other Funds other than payments for goods and services to the City of Artesia during the period from January 1, 2011 through January 31, 2012.

2B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to the city that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers from All Other Funds other than payments for goods and services to the City of Artesia during the period from February 1, 2012 through June 30, 2012.

2C. **Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Finding:

This procedure is not applicable since no transfers were identified as a result of Procedures 2A and 2B.

3A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers to other public agencies or private parties other than payments for goods and services from All Other Funds during the period from January 1, 2011 through January 31, 2012.

3B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and described in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers to other public agencies or private parties other than payments for goods and services from All Other Funds during the period from February 1, 2012 through June 30, 2012.

3C. **Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Finding:

This procedure is not applicable since no transfers were identified as a result of Procedures 3A and 3B.

4. **Procedure:**

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. Ascertain that for each period presented, the total of revenues, expenditures and transfers account fully for the changes in equity from the previous fiscal period. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

Finding:

The reconciliation required by this Procedure is shown in Schedule 2.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets from All Other Funds as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

Finding:

As of June 30, 2012, the Successor Agency's total assets related to All Other Funds of the former redevelopment agency amounted to $12,104,816 as shown in Schedule 3.

6. **Procedure:**

Obtain from the Successor Agency a listing of asset balances related to All Other Funds of the former redevelopment agency on June 30, 2012 that were restricted for the following purposes:

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- other assets with legal restrictions.

6A. **Procedure - Unspent Bond Proceeds:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

Finding:

As of June 30, 2012, the Successor Agency had $854,559 in reserve funds and $4,938,754 of bond proceeds from the issuance of the 2007 bonds as shown in Schedule 4. Attached to the report at Exhibit 1 are excerpts from the Official Statement for the 2007 bonds.

6B. **Procedure - Grant Proceeds and Program Income Restricted by Third Parties:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to All Other Funds of the former redevelopment agency did not have grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. **Procedure - Other Assets Considered to be Legally Restricted:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

Finding:

As of June 30, 2012, the Successor Agency's cash with fiscal agent totaling $5,793,313 as shown in Schedule 4 is legally restricted for use in accordance with the bond documents. Excerpts from the official statement of the 2007 bonds are included as Exhibit 1.

7. **Procedure:**

Obtain from the Successor Agency a listing of assets of All Other Funds of the former redevelopment agency as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

Finding:

The Successor Agency's assets as of June 30, 2012 consist of $5,441,057 of capital assets that are not liquid or otherwise available for distribution.

8A. **Procedure:**

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Finding:

As of June 30, 2012, the Successor Agency's asset balances to be retained in order to satisfy enforceable obligations amount to $128,828 as detailed in Schedule 5. These enforceable obligations were either reported on ROPS 1 or required by AB 1290.

8B. **Procedure:**

If the Successor Agency identified that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

8C. **Procedure:**

If the Successor Agency identified that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

8D. **Procedure:**

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

8D. **Finding:**

The unrestricted balances necessary for retention to meet enforceable obligations are detailed in Schedule 5.

9. **Procedure:**

If the Successor Agency identified that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

Finding:

The Successor Agency has identified $823,585 in cash balances be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 to June 30, 2013 as shown in Schedules 6, 6a, 6b, and 6c.

10. **Procedure:**

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

Finding:

The schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies is shown in Schedule 7. The computation shows that the Successor Agency has a deficit balance of $81,967 and there are no amounts to be remitted to the County for disbursement to affected taxing agencies.

11. **Procedure:**

Obtain a representation letter from management of the Successor Agency acknowledging their responsibility for the data provided and the data presented in the report or in any schedules or exhibits to the report. Included in the representations is an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in this AUP report and its related schedules or exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Finding:

No exceptions were noted as a result of this Procedure.

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

ASSETS	
Cash and investments	$ 6,486,330
Cash with fiscal agent	871,646
TOTAL ASSETS	$ 7,357,976

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL FUNDS

RECONCILIATION OF FINANCIAL TRANSACTIONS FOR THE PERIODS ENDED
JUNE 30, 2010, JUNE 30, 2011, JANUARY 31, 2012 AND JUNE 30, 2012

	(A) Redevelopment Agency 12 Months Ended 6/30/2010		(B) Redevelopment Agency 12 Months Ended 6/30/2011	(C) Redevelopment Agency 7 Months Ended 1/31/2012	(C) Successor Agency 5 Months Ended 6/30/2012	
Assets (modified accrual basis)						
Cash and investments	$ 12,165,680		$ 11,092,606	$ 8,919,572	$ 7,972,678	
Restricted cash	1,488,224		1,134,221	1,161,669	1,164,582	
Accounts receivable	628		21,284	-	-	
Interest receivable	24,248		20,713	-	20,849	
Total Assets	$ 13,678,780		$ 12,268,824	$ 10,081,241	$ 9,158,109	
Liabilities (modified accrual basis)						
Accounts payable	$ 490,359		$ 536,569	$ 90,224	$ 154,285	
Accrued payroll	11,911		11,070	-	-	
Deposits payable	-		13,095	13,095	-	
Due to the City of Artesia	-		-	81,399	-	
Total Liabilities	502,270		560,734	184,718	154,285	
Equity	13,176,510		11,708,090	9,896,523	9,003,824	
Total Liabilities and Equity	$ 13,678,780		$ 12,268,824	$ 10,081,241	$ 9,158,109	
Total Revenues	$ 1,951,494		$ 1,791,707	$ 798,279	$ 624,365	
Total Expenditures	(4,847,037)		(3,260,127)	(2,609,846)	(1,517,064)	
Transfers In from RDA Funds	376,166		-	-	-	
Transfers Out to RDA Funds	(376,166)		-	-	-	
Net change in equity	(2,895,543)		(1,468,420)	(1,811,567)	(892,699)	
Beginning Equity	16,072,053		13,176,510	11,708,090	9,896,523	
Ending Equity	$ 13,176,510		$ 11,708,090	$ 9,896,523	$ 9,003,824	
Other Information (show year end balances for all three years presented):						
Capital assets as of end of year	$ 3,822,352	(B)	$ 4,982,878	$ 6,496,737	$ 5,441,057	(D)
Long-term debt as of end of year	$ 16,115,000		$ 15,845,000	$ 15,845,000	$ 15,695,000	

(A) Agreed information to the State Controller's Report.

(B) Agreed information to the audited financial statements.

(C) Agreed information to the City's general ledger.

(D) Capital asset purchased with low and moderate income funds transferred to Housing Authority as originally deeded.

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS

As of June 30, 2012

ASSETS	
Cash and investments	$ 853,546
Cash and investments (bond proceeds)	4,938,754
Cash with fiscal agent	854,559
Interest receivable	16,900
SUBTOTAL MODIFIED ACCRUAL BASIS	6,663,759
Capital assets	5,441,057
TOTAL ASSETS	$ 12,104,816

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

UNSPENT BOND PROCEEDS

UNSPENT BOND PROCEEDS HELD BY SUCCESSOR AGENCY:

Par Amount of 2007 Bonds		$ 12,920,000
Less: Net Original Issue Discount		(285,264)
Less: Underwriter's Discount		(148,580)
Bond Proceeds		**12,486,156**
Series 2007 Bond Proceeds per Transcript		12,486,156
Less: Transfer to Escrow Account		(3,175,000)
Less: Deposit to Capitalized Interest Subaccount		(623,861)
Less: Deposit to Reserve Account		(635,350)
Less: Deposit to Cost of Issuance Account		(175,000)
Net Project Funds		**7,876,945**
Deposit to Project Fund		**7,876,945**
Accumulated Interest		78,946
Add: Escrow drawdowns 2008-2009		2,528,071
Add: Escrow drawdowns 2009-2010		376,166
Use of Project Funds:	Date	
001	2007-2008	(214,896)
002	2008-2009	(1,863,150)
003	2009-2010	(351,757)
004	2010-2011	(1,251,975)
005	2011-2012	(2,239,596) (A)
Remaining Project Funds		**4,938,754**
Actual Current Balance (includes *amount in reserve fund of $854,559)*		**$ 5,793,313**

NOTE:

(A) All amounts in the 2011-2012 drawdowns were included in the EOPS or ROPS. All ROPS line items were approved by the State of California Department of Finance:

Description	ROPS Line	Amount
Various	EOPS	$ 1,051,169
Public works yard project services	ROPS 1, Line 19	17,309
Artesia Blvd. specific plan	ROPS 1, Line 20	5,371
Management or PW yard constr.	ROPS 1, Line 21	34,500
Public works yard construction	ROPS 1, Line 22	980,587
Environmental, laboratory, & field svc.	ROPS 1, Line 25	17,568
Payroll for project oversight	ROPS 1, Line 28	133,092
		$ 2,239,596

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013 (ROPS 1 AND AB 1290)

Description of Transactions	Purpose of Transactions	Amount		Enforceable Obligation/ Other Legal Requirement Supporting Retention
Accounts payable	Legal services	$ 20,770		ROPS 1, line 13
Accounts payable	Continuing disclosures for bonds	1,850		ROPS 1, line 14
Accounts payable	AB1290 calculations	500		ROPS 1, line 15
Accounts payable	Public works yard	6,449		ROPS 1, line 19
Accounts payable	Uncalculated AB1290	2,345	(A)	AB 1290
Accounts payable	ERAF 2010-11, AB 1290	22,321	(A)	AB 1290
Accounts payable	ERAF Impound 2010-11, AB 1290	43,184	(A)	AB 1290
Accounts payable	ERAF 2011-12, AB 1290	10,703	(A)	AB 1290
Accounts payable	ERAF Impound 2011-12, AB 1290	20,706	(A)	AB 1290
Total cash balances needed to be retained for the funding of enforceable obligations		$ 128,828		

(A) For Redevelopment Agencies established prior to January 1, 1994, pass-through agreements were negotiated by redevelopment agencies and affected taxing entities. Effective for Redevelopment Agencies established subsequent to January 1, 1994, with the implementation of AB 1290, individual pass-through agreements could no longer be negotiated with the affected taxing entities and were calculated based on the requirements of AB 1290. Artesia Redevelopment Agency was established on September 11, 1995; therefore, the pass-through payments were calculated and made in accordance with AB 1290. AB 1290 resulted in statutory pass-through payments made for three tiers:

1. Tier 1: 20% of gross tax increment revenue from the first fiscal year through the last fiscal year in which the project area adopted after January 1, 1994 receives tax increment.
2. Tier 2: An additional 16.8% of gross tax increment revenue is to be allocated to the taxing agencies from the eleventh fiscal year through the last fiscal year, based on the increase in assessed value over the tenth fiscal year.
3. Tier 3: An additional 11.2% of gross tax increment revenue is to be allocated to the taxing agencies from the thirty-first fiscal year through the last fiscal year, based on the increase in assessed value over the thirtieth fiscal year.

After the implementation of AB 1290, the Los Angeles Unified School District (LAUSD) sued the County of Los Angeles and the Redevelopment Agencies within its boundaries regarding the calculation of the AB 1290 pass-through payments. Specifically, the lawsuit addressed whether ERAF payments received should be treated as property taxes for the purposes of calculating the schools' share of the overall pass-through payments (whether ERAF is a taxing entity). Both the California Attorney General and the State Controller's Office have opined that ERAF is not an affected taxing entity and, therefore, should not be allocated a percentage share of the pass-through payments. The Trial Court ruled in favor of the County of Los Angeles. However, in 2010, the Appellate Court reversed this ruling in favor of LAUSD. The Appeal Court remanded the matter back to the Trial Court to work out the method of computation.

Artesia Redevelopment Agency hired a third party consultant to compute the AB 1290 pass-through payments due each fiscal year. In response to the ruling in LAUSD's lawsuit against the County of Los Angeles and various Redevelopment Agencies, the ruling allows that ERAF revenue should be taken into account in calculating the statutory tax sharing payment shares for schools, college districts and the county office of education. Currently, there is still argument on how to implement this ruling and the third party consultant is not yet sure of how to advise Artesia Redevelopment Agency on what to do with the ERAF portion of the calculation. The third-party consultant advised Artesia Redevelopment Agency to hold the payment of these AB 1290 amounts pending a resolution of how the ruling should be applied. Cash is to be retained for the future payment of these AB 1290 statutory pass-through expenditures once the court ruling has been clarified.

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

CASH BALANCES TO BE RETENTION TO MEET ENFORCEABLE OBLIGATIONS
IN FISCAL YEAR 2012-2013 (ROPS 2 AND 3)

	Project Area	
ROP'S 2:		
ROP's 2 Original Request	$ 1,433,737.41	
ROP's Disallowed (Schedule 6a)	(755,474.99)	
Less: Use of Bond Proceeds - Restricted in Procedure 6a (Schedule 6b)	(66,122.94)	
Less: Limit of property taxes actually received by the County for the Project Area	(42,890.09)	
ROP'S 2 Total (Schedule 6c)	$ 569,249.39	
ROP'S 3:		
Unexpended ROPS 1 funds to be withheld from ROPS 3, but required for ROPS 3 enforceable obligations (See Exhibit #2)	$ 254,336.00	(A)
ROP'S 3 Total	$ 254,336.00	
ROP'S 2 AND 3 TOTAL	$ 823,585.39	

(A)	RPTTF funded enforceable obligations from ROPS 3	$ 782,116.00
	Less: Adjusted RPTTF to be received	(527,780.00)
		$ 254,336.00

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUPPORTING SCHEDULE - LINE ITEMS DISALLOWED ON ROPS 2

Line Number	Project Name	Description	Total July to Dec. 2012	Portion Disallowed
13	Contract	Pioneer downtown construction	$ 733,615	$ 733,615
14	Contract	Insp., signal timing, elect. eng. services	9,860	9,860
15	Contract	Insp. & civil engineering service	12,000	12,000
		TOTAL	$ 755,475	$ 755,475

SCHEDULE 6b

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUPPORTING SCHEDULE - USE OF BOND PROCEEDS ON ROPS 2

Line Number	Project Name	Description	Total July to Dec. 2012
16	Contract/Proj. Admin.	Payroll for project oversight	$ 66,122.94

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUPPORTING SCHEDULE - CASH BALANCES FOR RETENTION TO MEET ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013 (ROPS 2)

Project Name/ Debt Obligation	Payee	Description	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Administration	Various	Payroll, business resource, lobbyist, auditors, accounting, legal, bond trustee fee, consulting	$ 146,311.98	ROPS 2, lines 1 - 9
2007 Tax Allocation Bonds Issue $12,920,000	Wells Fargo	Interest payment	335,312.50	ROPS 2, line 11
2009 Housing Set-Aside Tax Allocation Bonds Issue $3,740,000	Wells Fargo	Interest payment	130,515.00	ROPS 2, line 12
Less: Limit of property taxes actually received by the County for the project area			(42,890.09)	
		TOTAL	$ 569,249.39	

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	$ 12,104,816
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	(5,793,313)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	(5,441,057)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)	(128,828)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	(823,585)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Add the amount of any assets transferred to the City for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist - (Procedures 2 and 3)	-
Amount to be remitted to County for disbursement to affected taxing agencies	$ (81,967)

EXHIBIT 1

2007 TAX ALLOCATION BONDS
OFFICIAL STATEMENT EXCERPTS

NEW ISSUE -- Book-Entry Only

RATING: S&P - BBB
See “RATINGS” herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxation. See "TAX MATTERS" herein.

$12,920,000
ARTESIA REDEVELOPMENT AGENCY
ARTESIA REDEVELOPMENT PROJECT AREA
2007 TAX ALLOCATION BONDS

Dated: Date of Delivery **Due: June 1, as shown on inside cover**

The Artesia Redevelopment Agency (the “Agency”) is issuing the above-captioned bonds (the “Bonds”) pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Redevelopment Law”) and an Indenture of Trust, dated as of December 1, 2007 (the “Indenture”), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Proceeds from the sale of the Bonds will be used to: (i) finance certain redevelopment activities benefiting the Artesia Redevelopment Project Area (the “Project Area”); (ii) fund a debt service reserve account; (iii) fund capitalized interest on a portion of the Bonds maturing on June 1, 2042; and (iv) pay costs of issuance of the Bonds.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates representing their interest in the Bonds purchased.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2008. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are subject to optional redemption, mandatory sinking account redemption and mandatory special redemption prior to maturity as described herein.

The Bonds are special obligations of the Agency and are payable from Tax Revenues (as defined herein) consisting primarily of tax increment derived from property in the Project Area and allocated to the Agency pursuant to the Redevelopment Law. No funds or properties of the Agency, other than the Tax Revenues and certain funds established and maintained pursuant to the Indenture, are pledged to secure the Bonds.

THE BONDS ARE NOT A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF ARTESIA, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY, AND NONE OF THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS, OTHER THAN THE AGENCY, IS LIABLE THEREFOR. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. NONE OF THE MEMBERS OF THE AGENCY, THE CITY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. For a discussion of some of the risks associated with a purchase of the Bonds, see “RISK FACTORS” herein.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on for the Agency by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, as Disclosure Counsel and as General Counsel to the Agency. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about December 20, 2007.

DE LA ROSA & CO.
INVESTMENT BANKERS

Dated: December 5, 2007

$12,920,000
ARTESIA REDEVELOPMENT AGENCY
ARTESIA REDEVELOPMENT PROJECT AREA
2007 TAX ALLOCATION BONDS

Maturity Schedule

$1,405,000 Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (Base 04301T)
2009	$115,000	4.000%	4.000%	100.000	AA2
2010	120,000	4.125	4.125	100.000	AB0
2011	125,000	4.200	4.200	100.000	AC8
2012	130,000	4.300	4.300	100.000	AD6
2013	135,000	4.400	4.400	100.000	AE4
2014	140,000	4.500	4.500	100.000	AF1
2015	150,000	4.600	4.600	100.000	AG9
2016	155,000	4.700	4.700	100.000	AH7
2017	165,000	4.800	4.800	100.000	AJ3
2018	170,000	4.900	4.900	100.000	AK0

$565,000 5.000% Term Bonds due June 1, 2021; Yield 5.220%; Price 97.890; CUSIP† 04301TAL8
$1,420,000 5.375% Term Bonds due June 1, 2027; Yield 5.590%; Price 97.466; CUSIP† 04301TAM6
$6,355,000 5.500% Term Bonds due June 1, 2042; Yield 5.750%; Price 96.265; CUSIP† 04301TAN4
$3,175,000 5.700% Term Bonds due June 1, 2042; Yield 5.700%; Price 100.000; CUSIP† 04301TAP9*

† CUSIP Copyright 2007, American Bankers' Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The Agency does not guarantee the accuracy of the CUSIP data.

* Escrow Bonds.

$12,920,000
ARTESIA REDEVELOPMENT AGENCY
ARTESIA REDEVELOPMENT PROJECT AREA
2007 TAX ALLOCATION BONDS

INTRODUCTION

General

This Official Statement, including the cover page, the inside front cover and appendices, is provided to furnish information in connection with the sale by the Artesia Redevelopment Agency (the "Agency") of its Artesia Redevelopment Project Area 2007 Tax Allocation Bonds (the "Bonds") in the aggregate principal amount of $12,920,000. This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain capitalized terms used in this Official Statement are set forth in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Proceeds from the sale of the Bonds will be used to: (i) finance certain redevelopment activities benefiting the Artesia Redevelopment Project Area (the "Project Area") in the City of Artesia (the "City"); (ii) fund a debt service reserve account; (iii) fund capitalized interest on a portion of the Bonds maturing on June 1, 2042; and (iv) pay costs of issuance of the Bonds. See "PLAN OF FINANCING."

The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the "State"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the "Redevelopment Law"). The Bonds are being issued under the authority granted to the Agency under the Redevelopment Law, specifically Article 5 of Chapter 6 thereof (commencing with Section 33640). The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2007 (the "Indenture"), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Bonds are secured by a pledge of, security interest in and a lien on Tax Revenues (defined below) and by the moneys in certain funds and accounts established by the Indenture. The Indenture permits the Agency to, upon satisfaction of certain conditions, incur additional debt payable from and secured by a lien and charge upon Tax Revenues on a parity with the lien and charge securing the Bonds ("Parity Debt"). See "SECURITY FOR THE BONDS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2008. The Bonds will be initially delivered as one fully registered certificate for each maturity and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. ***So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds.*** See "THE BONDS – Book-Entry Only System" and "APPENDIX G – DTC'S BOOK-ENTRY ONLY SYSTEM."

A portion of the sale proceeds of the Bonds will be set aside in a Redevelopment Escrow Fund to be established and held by the Trustee. Moneys in the Redevelopment Escrow Fund are expected to be transferred to the Redevelopment Fund (to finance redevelopment projects) from time to time upon satisfaction of certain conditions set forth in the Indenture. Amounts remaining in the Redevelopment Escrow Fund on December 2, 2010, if any, will be used to redeem, on June 1, 2011, a portion of the Bonds maturing on June 1, 2042 and bearing interest at 5.70% per annum, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date without premium. The Bonds maturing on June 1, 2042 in the aggregate principal amount of $3,175,000 and bearing interest at 5.70% per annum are referred to herein as the “Escrow Bonds.” See “THE BONDS – Redemption – *Mandatory Special Redemption*” and “SECURITY FOR THE BONDS – Special Escrow Fund.”

The Bonds are subject to optional redemption, mandatory sinking account redemption and mandatory special redemption as described in “THE BONDS – Redemption” and “SECURITY FOR THE BONDS – Special Escrow Fund.”

The City and the Agency

The City is located in Los Angeles County, California (the “County”) approximately 19 miles southeast of Los Angeles and approximately 10 miles northeast of Long Beach. The City was incorporated in May 1959 as a general law city and operates under a Council-Manager form of government. The five members of the City Council are elected at large. From approximately 10,000 residents in 1960, the City has grown to a population of approximately 17,589 as of January 1, 2007, according to State of California Department of Finance estimates. For further general information regarding the City, see “APPENDIX A – CITY OF ARTESIA GENERAL INFORMATION.”

The Agency was activated pursuant to Ordinance No. 516, adopted by the City Council on September 11, 1995. As permitted by the Redevelopment Law, the City Council assumed the duties and responsibilities of the Agency at that time. The members of the City Council also serve as Members of the Agency with the Mayor of the City serving as the Agency’s Chairperson. Certain members of the City staff also serve as staff to the Agency. See “THE AGENCY.”

Project Area

On July 16, 2001, the City Council of the City adopted Ordinance No. 617 and approved a redevelopment plan (the “Redevelopment Plan”) for the Project Area. The Project Area totals approximately 245 acres and primarily includes developed and vacant commercial and industrial land located along Pioneer Boulevard, Artesia Boulevard and South Street in the City. Streets and public right of ways represent approximately one-quarter of the total Project Area. Assessed valuation of taxable property within the Project Area (including secured and unsecured values) for fiscal year 2007-08 totals $347,671,589, which is $145,669,268 greater than the base year valuation. For fiscal year 2007-08, parcels currently used for commercial purposes account for approximately 57.16 percent of the total secured assessed value of the Project Area, while parcels used for residential purposes account for approximately 13.41 percent of the total secured assessed value of the Project Area. Collectively, the top ten property owners (ranked by secured assessed value) own properties that represent approximately 33.79 percent of the total secured assessed value of the Project Area for the 2007-08 fiscal year. See “PROJECT AREA.”

The projections of Tax Revenues contained in this Official Statement are based on assessed valuations for fiscal year 2007-08. Any future decrease in the receipt of taxes, the assessed valuation of the Project Area, the applicable tax rates or the economic stability of the Project Area could reduce

the Tax Revenues allocated to the Agency and correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or the base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (except such portion generated by rates levied to pay voter-approved bonded indebtedness after January 1, 1989 for the acquisition or improvement of real property) are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies have no authority to levy property taxes and must look specifically to the allocation of taxes produced under the Redevelopment Law.

Sections 33334.2 and 33334.3 of the Redevelopment Law require the Agency to set aside not less than 20 percent of all tax revenues with respect to the Project Area allocated to the Agency in a low and moderate income housing fund (the "Housing Fund") to be expended for authorized low and moderate income housing purposes (the "Housing Set-Aside"). Amounts on deposit in the Housing Fund may be applied to pay debt service on bonds, loans or advances used to provide financing for such low and moderate income housing purposes.

Security for the Bonds

The Bonds are secured by a pledge of Tax Revenues and certain funds established under the Indenture. "Tax Revenues" is defined in the Indenture to mean, all taxes pledged and annually allocated, following the date of delivery of the Bonds, and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, and including that portion of such taxes otherwise required by Section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and that portion of any Parity Debt (including applicable reserves and financing costs) issued to finance or refinance amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Law to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; provided, however, that "Tax Revenues" will exclude all other amounts of such taxes (if any) (i) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Law for increasing and improving the supply of low and moderate income housing, (ii) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (iii) amounts payable by the Agency pursuant to Section 33607.5 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, including any Parity Debt.

As of the date of this Official Statement, the Agency does not anticipate using any proceeds from the sale of the Bonds to finance projects for low and moderate income housing purposes, and the debt service on the Bonds will not be paid out of the Housing Set-Aside.

The Bonds are not a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Agency, and none of the City, the State nor any of its political subdivisions, other than the Agency, is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from Tax Revenues allocated to the Agency from the Project Area and amounts in certain funds and accounts held under the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

See "SECURITY FOR THE BONDS."

Continuing Disclosure

In connection with the sale of the Bonds, the Agency will enter into a Continuing Disclosure Agreement, covenanting to prepare and deliver an annual report to certain national and state repositories and to provide certain other information. See "CONTINUING DISCLOSURE" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

Other Information

There follows in this Official Statement brief descriptions of the Bonds, security for the Bonds, certain risk factors, the Agency, the Project Area and certain other documents and information relevant to the issuance of the Bonds. All references herein to the Indenture or other documents are qualified in their entirety by reference to the Indenture or such documents and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indenture. Unless the context clearly requires otherwise, capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions."

This Official Statement speaks only as of its date as set forth on the cover hereof, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Agency since the date hereof.

Unless otherwise expressly noted, references to Internet websites in this Official Statement are shown for reference and convenience only, and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the Agency. The Agency makes no representation regarding the information therein.

PLAN OF FINANCING

Net proceeds of the Bonds in the amount of $7,876,945.41 will be deposited in the Redevelopment Fund. See "SOURCES AND USES OF FUNDS." The Agency expects to apply such money to finance redevelopment activities benefiting the Project Area, including: improvements to the City's downtown district and the historical district and construction of a new public maintenance yard and parking facility.

The above-described projects and costs reflect the Agency's current expectations. The Agency may use the proceeds of the Bonds for other permitted redevelopment purposes. None of the projects financed with proceeds of the Bonds will constitute security for the Bonds.

SOURCES AND USES OF FUNDS

The anticipated sources and uses of funds relating to the Bonds are as follows:

Sources:	
Principal Amount of the Bonds	$12,920,000.00
Less: Net Original Issue Discount	(285,263.55)
Less: Underwriter's Discount	(148,580.00)
Total Sources	$12,486,156.45
Uses:	
Redevelopment Fund	$ 7,876,945.41
Redevelopment Escrow Fund	3,175,000.00
Reserve Account [1]	635,350.00
Capitalized Interest Subaccount[2]	623,861.04
Costs of Issuance [3]	175,000.00
Total Uses	$12,486,156.45

(1) Deposit equal to the initial Reserve Requirement. See "SECURITY FOR THE BONDS – Reserve Account."
(2) Funds will be used to pay capitalized interest through June 1, 2011 on the Escrow Bonds (i.e., the Bonds maturing on June 1, 2042 and bearing interest at 5.70% per annum).
(3) To pay fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Financial Advisor and Fiscal Consultant, rating agency fees, costs of printing this Official Statement and other costs of issuance.

DEBT SERVICE SCHEDULE

Scheduled debt service on the Bonds, without regard to any optional redemption or mandatory special redemption, is shown in the following table.

Bond Year Ending (June 1)	Non-Escrow Bonds	Escrow Bonds	Total Debt Service
2008	$ 231,287.68	$ 80,936.04	$ 312,223.72
2009	632,165.00	180,975.00	813,140.00
2010	632,565.00	180,975.00	813,540.00
2011	632,615.00	215,975.00	848,590.00
2012	632,365.00	218,980.00	851,345.00
2013	631,775.00	216,700.00	848,475.00
2014	630,835.00	219,420.00	850,255.00
2015	634,535.00	216,855.00	851,390.00
2016	632,635.00	219,290.00	851,925.00
2017	635,350.00	216,440.00	851,790.00
2018	632,430.00	218,590.00	851,020.00
2019	634,100.00	220,455.00	854,555.00
2020	635,100.00	217,035.00	852,135.00
2021	630,600.00	218,615.00	849,215.00
2022	630,850.00	219,910.00	850,760.00
2023	634,831.26	215,920.00	850,751.26
2024	633,006.26	216,930.00	849,936.26
2025	630,643.76	217,655.00	848,298.76
2026	632,743.76	218,095.00	850,838.76
2027	634,037.50	218,250.00	852,287.50
2028	634,525.00	218,120.00	852,645.00
2029	633,850.00	217,705.00	851,555.00
2030	632,350.00	217,005.00	849,355.00
2031	635,025.00	216,020.00	851,045.00
2032	631,600.00	219,750.00	851,350.00
2033	632,350.00	217,910.00	850,260.00
2034	632,000.00	220,785.00	852,785.00
2035	630,550.00	218,090.00	848,640.00
2036	633,000.00	220,110.00	853,110.00
2037	634,075.00	216,560.00	850,635.00
2038	633,775.00	217,725.00	851,500.00
2039	632,100.00	218,320.00	850,420.00
2040	634,050.00	218,345.00	852,395.00
2041	634,350.00	217,800.00	852,150.00
2042	633,000.00	216,685.00	849,685.00
Total	**$21,751,070.22**	**$7,418,931.04**	**$29,170,001.26**

THE BONDS

Description

The Bonds will be issued as fully registered bonds, and will bear interest at the rates, and mature on June 1 on the dates and in the amounts all as set forth on the inside front cover of this Official Statement. The Bonds will be dated their date of delivery.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2008 (each, an "Interest Payment Date"), and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication is a day during the period from the sixteenth calendar day of the month next preceding any Interest Payment Date to such Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or (ii) such date of authentication is on or before May 15, 2008, in which event it will bear interest from the initial delivery date of the Bonds; provided, however, that if at the time of authentication of any Bond, interest with respect to such Bond is in default, such Bond will bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

The Bonds will be initially delivered as one fully registered certificate for each maturity and will be delivered by means of the book-entry system of DTC. **While the Bonds are held in DTC's book-entry only system, all such payments will be made to Cede & Co., as the registered owner of the Bonds.** See "Book-Entry Only System" below.

Redemption

Optional Redemption. The Bonds maturing on and after June 1, 2016, are subject to redemption, at the option of the Agency on any date on or after June 1, 2015, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds being so redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Mandatory Special Redemption. The Escrow Bonds maturing on June 1, 2042, shall be subject to redemption on June 1, 2011, from amounts (if any) transferred from the Redevelopment Escrow Fund to the Redemption Account, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, without premium. See "SECURITY FOR THE BONDS – Special Escrow Fund."

Mandatory Sinking Account Redemption. The Bonds maturing on June 1, 2021, June 1, 2027 and June 1, 2042, including the Escrow Bonds, (together, the "Term Bonds") shall also be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account payments deposited in the Sinking Account at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Bonds Maturing on June 1, 2021

Redemption Date (June 1)	Principal Amount
2019	$180,000
2020	190,000
2021*	195,000

* maturity

Bonds Maturing on June 1, 2027

Redemption Date (June 1)	Principal Amount
2022	$205,000
2023	220,000
2024	230,000
2025	240,000
2026	255,000
2027*	270,000

* maturity

Bonds Maturing on June 1, 2042

Redemption Date (June 1)	Principal Amount
2028	$285,000
2029	300,000
2030	315,000
2031	335,000
2032	350,000
2033	370,000
2034	390,000
2035	410,000
2036	435,000
2037	460,000
2038	485,000
2039	510,000
2040	540,000
2041	570,000
2042*	600,000

* maturity

Escrow Bonds Maturing on June 1, 2042

Redemption Date (June 1)	Principal Amount
2011	$ 35,000
2012	40,000
2013	40,000
2014	45,000
2015	45,000
2016	50,000
2017	50,000
2018	55,000
2019	60,000
2020	60,000
2021	65,000
2022	70,000
2023	70,000
2024	75,000
2025	80,000
2026	85,000
2027	90,000
2028	95,000
2029	100,000
2030	105,000
2031	110,000
2032	120,000
2033	125,000
2034	135,000
2035	140,000
2036	150,000
2037	155,000
2038	165,000
2039	175,000
2040	185,000
2041	195,000
2042*	205,000

* maturity

In lieu of mandatory sinking account redemption of any Term Bonds, amounts on deposit as Sinking Account payments may be used by the Trustee, at the Agency's written direction, at any time for the purchase of such Term Bonds otherwise required to be redeemed on the following June 1 at public or private sale as and when and at such prices (including brokerage and other charges, and including accrued interest) as the Agency may determine in its discretion. The principal amount of any Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any 12 month period ending on April 1 in any year shall be credited towards and shall reduce the principal amount of such Term Bonds required to be redeemed on the following June 1 of such year.

Selection of Bonds for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee shall deem appropriate, and will notify the Agency to the extent Bonds are no longer held in book-entry form. In the

In the event that such book-entry system is discontinued with respect to the Bonds, the Agency will execute and deliver replacements in the form of registered certificates and, thereafter, the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. In addition, the following provisions would then apply: Interest with respect to any Bond will be payable in lawful money of the United States of America on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date (the "Record Date"), such interest to be paid by check of the Trustee, mailed by first class mail on the Interest Payment Date to the Owner at such Owner's address as it appears, on such Record Date, on the bond registration books maintained by the Trustee; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. The principal of and premium, if any, on the Bonds will be payable when due in lawful money of the United States of America, upon the surrender of such Bonds at the corporate trust office of the Trustee in Los Angeles, California or such other location as designated by the Trustee.

SECURITY FOR THE BONDS

Tax Revenues

The Bonds are special, limited obligations of the Agency, secured by a first lien and pledge of Tax Revenues and certain funds and accounts established pursuant to the Indenture. See "INTRODUCTION – Security for the Bonds" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for the definition of the term "Tax Revenues" as set forth in the Indenture. Generally, Tax Revenues refers to gross tax increment revenues received by the Agency with respect to the Project Area, less certain amounts including any unsubordinated statutory pass-through payments (see "Allocation of Taxes – AB 1290 Payments" and "PROJECT AREA – Tax Sharing Statutes" below), and less the Housing Set-Aside, except to the extent that the proceeds from the sale of the Bonds are used to finance low and moderate income housing projects pursuant to the Redevelopment Law.

The Bonds are not a debt of the City, the State or any of its political subdivisions (other than the Agency) and none of the City, the State, nor any of its political subdivisions (other than the Agency) is liable for the payment thereof. In no event shall the Bonds be payable out of any funds or properties other than those of the Agency set forth in the Indenture. The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay debt service on the Bonds. See "RISK FACTORS" and "LIMITATIONS ON TAX REVENUES."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized before adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Generally, taxes collected upon any increase in taxable valuation over the base roll (except such portion generated by rates levied to pay bonded indebtedness approved by the voters on or after January 1, 1989, for the acquisition or improvement of real property or attributable to an increase in tax rate imposed for the benefit of a taxing agency the levy of which occurs after the tax year in which the ordinance approving the project area was adopted) are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the

(iii) Money (or in lieu thereof, a Qualified Reserve Account Credit Instrument) will be deposited in the Reserve Account (or a subaccount of the Reserve Account) to cause the amount in the Reserve Account to equal the Reserve Requirement following the issuance or incurrence of such Parity Debt.

(d) The Agency will deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in paragraphs (a), (b), and (c) above have been satisfied.

(e) The proceeds of such Parity Debt may be deposited into an escrow fund from which amounts may not be released to the Agency unless and until the Tax Revenues (as evidenced in the written records of the County) are at least equal 135* percent of the amount of Maximum Annual Debt Service.

For a more detailed summary of the conditions to the issuance of Parity Debt, see "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Reserve Account

The Trustee will establish and maintain a Reserve Account within the Special Fund. Pursuant to the Indenture, upon the issuance of the Bonds, the amount deposited in (or credited to) the Reserve Account will equal the initial Reserve Requirement. The Reserve Requirement means, as of any calculation date, an amount equal to the least of Maximum Annual Debt Service or the maximum amount then permitted by the Code to be deposited in the Reserve Account (as the latter amount shall be set forth in a Written Certificate of the Agency delivered to the Trustee).

The Trustee will use amounts in the Reserve Account for the purpose of (i) replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of a deficiency in any of such accounts, or for the retirement of all Bonds then Outstanding, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be withdrawn from the Reserve Account semiannually on or before four Business Days preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date will be withdrawn from the Reserve Account and transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make deposits therein pursuant to the Indenture or, (ii) to the Agency, pursuant to a written request by the Agency, for deposit into the Redevelopment Fund, if the Agency shall have caused to be transferred to the Trustee all amounts required to be deposited in the Interest Account, Principal Account and Sinking Account pursuant to the Indenture.

The Agency shall have the right, at any time, to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency to be deposited in the Redevelopment Fund and used for the purposes thereof. "Qualified Reserve Account Credit Instrument"

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* Changed from 130 percent in the Preliminary Official Statement.

EXHIBIT 2

ROPS 3 ADJUSTED BY THE COUNTY OF LOS ANGELES

From: Justine Menzel
Sent: Monday, December 03, 2012 10:36 AM
To: 'Duenas, Alejandro'; redevelopment_administration@dof.ca.gov; Chris Hill; justyn.howard@dof.ca.gov; Stacy, Zachary; Successor
Cc: bill@munilex.com
Subject: RE: ww Artesia - ROPS III Recommended Adjustment

Monday, December 3, 2012
To: All parties in this communication e-mail
From: Justine Menzel, Successor Agency to the Artesia Redevelopment Agency
Re: Adjustment to summary ROPS filed for Jan 1, 2013 to Jun 30, 2013 period

The Successor Agency is **not** in agreement with the recommended adjustment amount. Please prepare for our agency the premise and methodology for the adjustments to the prior period of Jan 1, 2012 through Jun 30, 2012 for our review and then we can promptly take the next steps to resolve the discrepancy.

From: Duenas, Alejandro [mailto:aduenas@auditor.lacounty.gov]
Sent: Friday, November 30, 2012 4:29 PM
To: redevelopment_administration@dof.ca.gov; Chris Hill; justyn.howard@dof.ca.gov; Stacy, Zachary; Successor
Cc: bill@munilex.com; Justine Menzel
Subject: ww Artesia - ROPS III Recommended Adjustment
Importance: High

We have completed our review of the Successor Agency of Artesia's "Prior Period Estimated Obligations vs. Actual Payments" tab of their ROPS III. In accordance with Health and Safety Code §34186(a), we computed a **reduction of $254,336** to the amount we currently estimate is owed to the Successor Agency on January 2, 2012. Please see the attached file for details relating to the recommended adjustment amount. If you agree with our findings, please confirm the adjusted RPTTF we are to distribute to the Successor Agency.

Unless we hear from you, our January 2, 2013 distribution to the Successor Agency will be based upon the RPTTF amount previously approved on their ROPS III approval letter.

If you have any questions, please feel free to contact us through email at Successor@auditor.lacounty.gov and your inquiry will be directed to a staff member who can respond to your inquiry.

Regards,

Alejandro Dueñas
Los Angeles County, Auditor-Controller,
Property Tax Division
Community Redevelopment Administration Section

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Successor Agency to the Artesia Redevelopment Agency

		Total Outstanding Debt or Obligation	Adjustments	Adjusted Amounts	Comments
Outstanding Debt or Obligation		$ 54,720,586		$ 54,720,586	
Current Period Outstanding Debt or Obligation		**Six-Month Total**	**DOF Adjustments**	**Six-Month Total**	
A	Available Revenues Other Than Anticipated RPTTF Funding	2,678,015			
B	Anticipated Enforceable Obligations Funded with RPTTF	635,528	-	635,528	
C	Anticipated Administrative Allowance Funded with RPTTF	228,267	(81,679)	146,588	
D	Total RPTTF Requested (B + C = D)	863,795	(81,679)	782,116	RPTTF Approved by DOF
	Total Current Period Outstanding Debt or Obligation (A + B + C = E) *Should be the same amount as ROPS form six-month total*	$ 3,541,810	$ (81,679)	$ 3,460,131	
E	Enter Total Six-Month Anticipated RPTTF Funding *(Obtain from county auditor-controller)**	740,879	-	740,879	
F	Variance (E - D = F) *Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding*	$ (122,916)	$ 81,679	$ (41,237)	
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))			**H&S §34186(a) Adjustments**	**Adjusted Amounts**	
G	Enter Estimated Obligations Funded by RPTTF *(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)***	237,101	487,635	706,495	
H	Enter Actual Obligations Paid with RPTTF***	237,101	-	237,101	
I	Enter Actual Administrative Expenses Paid with RPTTF	-	215,058	215,058	On ROPS I lines 4-15, $215,058, was approved admin expenses.
J	Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	-	272,577	254,336	Recommended Adjustment
K	**Adjusted RPTTF** *(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)*	$ 863,795	$ (354,256)	$ 527,780	

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

William Holt — Chairman
Name — Title

706,495.00

Signature — Date: 8/29/2012

* Based on the estimates made by County Auditor-Controller's Office on Friday, August 17, 2012. The number entered represents the amount that the Successor Agency believes it will receive.
** The County of Los Angeles did not make any disbursement from the RPTTF during ROPS I period. The number entered represents an allocable amount from FY 2011-12 tax increment received by Artesia Redevelopment Agency, exclusive of pass-through payments.
*** See footnote above. The number entered equals the amount paid with FY 2011-12 tax increment received by the Artesia Redevelopment Agency, exclusive of pass-through payments.

The Successor Agency is completing and submitting the enclosed information under protest. The Successor Agency's completion and submission of ROPS III in the format mandated by the DOF does not waive and shall not be construed as a waiver by the Successor Agency of its right to challenge in any administrative, judicial or other proceeding, the validity of the DOF's template, its inconsistency with the governing statutes, or the legality or accuracy of any of the underlying assumptions on which the template is premised.

Name of Successor Agency: Successor Agency to the Artesia Redevelopment Agency

County: Los Angeles

Oversight Board Approval Date: ____________

Exhibit A for ROPS III 8-20-12
Rev. 2

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)
January 1, 2013 through June 30, 2013

									Funding Source						
Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
	Grand Total						$ 54,720,586	$ 4,295,888	$ -	$ 2,678,015	$ -	$ 228,267	$ 635,528	$ -	$ 3,541,810
1	2007 Tax Allocation Bond	12/5/2007	2042	Wells Fargo Bank, N.A.	Non-housing bond debt service payments	Commercial Corrido	26,382,607.00	805,625.00					470,313		470,313
2	2009 Tax Allocation Bond	6/18/2009	2046	Wells Fargo Bank, N.A.	Housing bond debt service payments	Commercial Corrido	9,794,646.00	286,030.00					155,515		155,515
3	Tax allocation bonds	2007; 2009	2042; 2046	Urban Futures, Inc.	Continuing disclosure fees	Commercial Corrido	3,700.00	3,700.00					3,700		3,700
4	Tax allocation bonds	2007; 2009	2042; 2046	Willdan Financial Services	Arbitrage rebate calculation	Commercial Corrido	6,000.00	6,000.00					6,000		6,000
5	Advance and Reimbursement Agreement and/or Cooperative Agreement and/or City Loan	9/2007; 3/2011;2/2012; and 9/2012	-	City of Artesia	Reimbursement for improvements on Exhibit A of agreement	Commercial Corrido	8,215,263.00	2,611,892.00		2,611,892					2,611,892
6	Cooperative Agreement	2/2012	-	City of Artesia	Administration and operations of Successor Agency	Commercial Corrido	0.00	0.00							-
7	Salaries	-	-	Employees of City/Agency	Payroll for downtown revitalization project implementation	Commercial Corrido	132,246.00	132,246.00		66,123					66,123
8	Salaries/benefits	-	-	Employees of City/Agency	Payroll for administration/operations of Agency	Commercial Corrido	3,046,200.99	130,753.00				65,377			65,377
9	Rent	-	-	City of Artesia	Overhead, utilities, supplies, insurance, etc.	Commercial Corrido	3,844,066.02	165,000.00				82,500			82,500
10	Legal services	-	-	Richards, Watson, Gershon	Legal fees for agency	Commercial Corrido	1,397,842.19	60,000.00				30,000			30,000
11	Contract services	-	-	Kelly Associates Mgmt Grp	Professional project and housing services	Commercial Corrido	252,242.41	60,000.00				30,000			30,000
12	Lobbyist	-	-	Cline & Duplissea	Lobbyist services	Commercial Corrido	1,397,842.19	24,000.00				12,000			12,000
13	Business resource	-	-	Artesia Chamber of Commerce	Business resource assistance	Commercial Corrido	69,892.11	3,000.00				1,500			1,500
14	Accounting services	-	-	Deb's Bookkeeplus	Specialized accounting, oversight, and reporting services	Commercial Corrido	87,411.73	3,752.00				3,000			3,000
15	Auditors	2012	2016	White Nelson Diehl Evans	CPAs for financial audit of agency	Commercial Corrido	90,626.77	3,890.00				3,890			3,890
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35	The Successor Agency is completing and submitting the enclosed information under protest. The Successor Agency's completion and submission of ROPS III in the format mandated by the DOF														-
36	does not waive and shall not be construed as a waiver by the Successor Agency of its right to challenge in any administrative, judicial or other proceeding, the validity of the DOF's template, its inconsistency with the														-
37	governing statutes, or the legality or accuracy of any of the underlying assumptions on which the template is premised.														-
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Name of Successor Agency: Successor Agency to the Artesia Redevelopment Agency
County: Los Angeles

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) -- Notes (Optional)
January 1, 2013 through June 30, 2013

Item #	Notes/Comments
5	This item was submitted to the DOF on July 3, 2012 for reconsideration. On July 12, 2012, the DOF issued a notice that any and all revised ROPS submitted to Finance for previous ROPS period were rejected. Requests to reconsider denited or disputed ROPS items will be addressed in their
	January through June 2013 ROPS review. The Successor Agency is not asking for an adjustment in RPTTF allocations remitted on June 1, 2012 or any subsequent allocation date, but to utilize bond proceeds on hand for the implementation of a project and contracts lawfully approved by the former
	Redevelopment Agency in 2007 and March of 2011. The Successor Agency has extensive supporting documentation for this line item. Alternatively, the Successor Agency seeks to have contract expenses for the projects to be funded pursuant to this line item approved as either: 1) a "wind down" expense
	through the existing cooperative agreement between the Successor Agency and the City; or 2) as a repayment of the loan from the City to the Successor Agency pursuant to Health & Safety Code Section 34173 (h)
6	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
7	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
8	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
9	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
10	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
11	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
12	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
13	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
14	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
15	All or a portion of items 7-15 shall be repaid to city pursuant to the Cooperative Agreement for advance and reimbursement of administrative, overhead and other expenses as adopted and effective 2/1/2012.
	The Successor Agency is completing and submitting the enclosed information under protest. The Successor Agency's completion and submission of ROPS III in the format mandated by the DOF
	does not waive and shall not be construed as a waiver by the Successor Agency of its right to challenge in any administrative, judicial or other proceeding, the validity of the DOF's template, its inconsistency with the
	governing statutes, or the legality or accuracy of any of the underlying assumptions on which the template is premised.

Name of Successor Agency: Successor Agency to the Artesia Redevelopment Agency
County: Los Angeles

Exhibit A for ROPS III 8-20-12
Rev. 2

Pursuant to Health and Safety Code section 34186 (a)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
January 1, 2012 through June 30, 2012

						LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area***	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
		Grand Total				$ -	$ -	$ 1,320,759	$ 1,503,890	$ -	$ -	$ -	$ -	$ 724,736	$ 237,101	$ -	$ 146,930
1	1	Administration	Employees of Agency	Payroll for **RDA**										6,274	0.00		12,809
1	2	Administration	Employees of Agency	Payroll for SA										34,507	0.00		71,590
1	3	Administration	ICSC/CRA	Membership dues										1,790	0.00		0.00
1	4	Administration	Post Office	Newsletter postage										780	0.00		0.00
1	5	Administration	Norwalk Printing	Newsletter printing										1,400	0.00		0.00
1	6	Administration	Artesia Chamber of Comme	Business resource assistance										1,250	0.00		250
1	7	Administration	12 Miles Out	Internet/Cable broadcast meetings										750	0.00		750
1	8	Administration	Cline & Duplissea	Lobbyist										10,184	0.00		10,184
1	9	Administration	C&L CPAs	Auditors **RDA**										115	0.00		115
1	10	Administration	C&L CPAs	Auditors SA										597	0.00		597
1	11	Administration	Deb's Bookkeeplus	Specialized accounting/reporting										1,196	0.00		1,196
1	12	Administration	Richards, Watson…	Legal services **RDA**										2,396	0.00		2,396
1	13	Administration	Richards, Watson…	Legal services SA										39,604	0.00		42,843
1	14	Administration	Urban Futures, Inc.	Continuing disclosures for 2 bonds										4,000	0.00		3,700
1	15	Administration	HdL & Assoc.	AB1290 Calculations										500	0.00		500
1	16	Administration	Urban Futures, Inc.	Professional consulting										0.00	0.00		0.00
1	17	Administration	Kelly Associates	Professional consulting										0.00	0.00		0.00
1	18	Adv./Reimb. Agreement	City of Artesia	Value of land; public owned impr.				0.00	0.00								
1	19	Contract	HB&A Architect	Public works yard project services				11,880	17,309								
1	20	Contract	Hogle-Ireland	Artesia Blvd. Specific Plan				5,372	5,371								
1	21	Contract	Edge Construction	Management for PW yard construction				49,500	34,500								
1	22	Contract	Newman Midland Constr.	Public Works yard construction				1,170,174	980,587								
1	23	Contract	Tim Greenleaf Eng.*	Demolition of parking sites				*	*								
1	24	Contract	Griffith Co.*	Pioneer Downtown Construction				*	*								
1	25	Contract	TGR Geotechnical Inc.	Environmental, laboratory, & field Svc.				17,568	17,568								
1	26	Contract	Traffic Safety Engineers*	Insp. Signal timing, elect. Eng. Services				*	*								
1	27	Contract (3 projects)	A.C.E. Civil Engineers*	Insp. & civil engineering service				*	*								
1	28	Contract/Project Admin	Employees of Agency	Payroll for project oversight				66,265	66,263								
1	29	2007 Tax Allocation Bond**	Wells Fargo Trustee	Non-housing bond debt service**				0.00	382,292					468,108	85,816		
1	30	2009 Tax Allocation Bond	Wells Fargo Trustee	Housing bond debt service				0.00	0.00					151,285	151,285		

*Agency ROPS items in dispute with the DOF from May 18, 2012

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***There is only one project area.

In reference to the "Other" column, the Agency has noted continued payments of obligations and a deficit of tax increment allocated and remitted for the 2011/12 fiscal year.

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Name of Successor Agency: Successor Agency to the Artesia Redevelopment Agency
County: Los Angeles

Exhibit A for ROPS III 8-20-12
Rev. 2

Pursuant to Health and Safety Code section 34186 (a)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
January 1, 2012 through June 30, 2012

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area***	LMIHF		Admin Allowance		RPTTF		Other		DOF Approved RPTTF on ROPS1 (FYI only)	H&S§34186(a) Identified Adjustments to RPTTF Estimates (FYI Only)	H&S§34186(a) Identified Adjustments to RPTTF Actual (roll forward to Summary Page)	H&S§34186(a) Identified Adjustments to Admin Allowance Actual (roll forward to Summary Page)	Comments
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual					
		Grand Total				$ -	$ -	$ -	$ -	$ 724,736	$ 237,101	$ -	$ 146,930	$ 724,736	$ -	$ -	$ 215,058	
1	1	Administration	Employees of Agency	Payroll for **RDA**						6,274	0.00		12,809	6,274				Include in admin allowance
1	2	Administration	Employees of Agency	Payroll for SA						34,507	0.00		71,590	34,507				Include in admin allowance
1	3	Administration	ICSC/CRA	Membership dues						1,790	0.00		0.00	1,790				Include in admin allowance
1	4	Administration	Post Office	Newsletter postage						780	0.00		0.00	780				Include in admin allowance
1	5	Administration	Norwalk Printing	Newsletter printing						1,400	0.00		0.00	1,400				Include in admin allowance
1	6	Administration	Artesia Chamber of Comme	Business resource assistance						1,250	0.00		250	1,250				Include in admin allowance
1	7	Administration	12 Miles Out	Internet/Cable broadcast meetings						750	0.00		750	750				Include in admin allowance
1	8	Administration	Cline & Duplissea	Lobbyist						10,184	0.00		10,184	10,184				Include in admin allowance
1	9	Administration	C&L CPAs	Auditors **RDA**						115	0.00		115	115				Include in admin allowance
1	10	Administration	C&L CPAs	Auditors SA						597	0.00		597	597				Include in admin allowance
1	11	Administration	Deb's Bookkeeplus	Specialized accounting/reporting						1,196	0.00		1,196	1,196				Include in admin allowance
1	12	Administration	Richards, Watson...	Legal services **RDA**						2,396	0.00		2,396	2,396				Include in admin allowance
1	13	Administration	Richards, Watson...	Legal services SA						39,604	0.00		42,843	39,604				Include in admin allowance
1	14	Administration	Urban Futures, Inc.	Continuing disclosures for 2 bonds						4,000	0.00		3,700	4,000				Include in admin allowance
1	15	Administration	HdL & Assoc.	AB1290 Calculations						500	0.00		500	500				Include in admin allowance
1	16	Administration	Urban Futures, Inc.	Professional consulting						0.00	0.00		0.00	-				Include in admin allowance
1	17	Administration	Kelly Associates	Professional consulting						0.00	0.00		0.00	-				include in admin allowance
1	18	Adv./Reimb. Agreement	City of Artesia	Value of land; public owned impr.										-				
1	19	Contract	HB&A Architect	Public works yard project services										-				
1	20	Contract	Hogle-Ireland	Artesia Blvd. Specific Plan										-				
1	21	Contract	Edge Construction	Management for PW yard construction										-				
1	22	Contract	Newman Midland Constr.	Public Works yard construction										-				
1	23	Contract	Tim Greenleaf Eng.*	Demolition of parking sites										-				
1	24	Contract	Griffith Co.*	Pioneer Downtown Construction										-				
1	25	Contract	TGR Geotechnical Inc.	Environmental, laboratory, & field Svc.										-				
1	26	Contract	Traffic Safety Engineers*	Insp. Signal timing, elect. Eng. Services										-				
1	27	Contract (3 projects)	A.C.E. Civil Engineers*	Insp. & civil engineering service										-				
1	28	Contract/Project Admin	Employees of Agency	Payroll for project oversight										-				
1	29	2007 Tax Allocation Bond**	Wells Fargo Trustee	Non-housing bond debt service**						468,108	85,816			468,108				
1	30	2009 Tax Allocation Bond	Wells Fargo Trustee	Housing bond debt service						151,285	151,285			151,285				
				A-C Adjustment for admin										-			215,058	Sa entitled to entire Admin approved by DOF

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